

# Directors and Officers Liability

- affecting the personal assets of Directors, Officers, Managers and Supervisors -



"making a difference"

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**DIRECTORS AND OFFICERS ARE NOW HELD RESPONSIBLE, TO UNPRECEDENTED LEVELS, FOR THE MANAGEMENT DECISIONS THEY MAKE.**

**CLAIMS BROUGHT AGAINST THEM FOR SO CALLED "WRONGFUL ACTS" CAN PUT THEIR PERSONAL WEALTH AT RISK!**

**ADDITIONALLY IF THE COMPANY DECIDES TO REIMBURSE THE DIRECTOR OR OFFICER IT CAN THEN JEOPARDISE THE COMPANY'S OWN FINANCIAL VIABILITY.**

## The Risks—see claims scenarios overleaf

- Tighter UK & European Regulations in the areas of Health and Safety, Employment, Environment, and Corporate Governance.
- Claims can be brought by an ever widening group of people, including: Employees, Customers, Suppliers, Creditors, Bankers, Regulatory Groups and Shareholders
- Issues leading to litigation are widespread: Wrongful Termination, Discrimination, Harassment, Dishonesty, Fraud, Financial Reporting and Health & Safety at Work

## The Solution - Directors & Officers Liability Insurance

If your Directors and Officers are unfortunate enough to be sued they will be confident that they will not have to finance their own defence as the cost of defending the claim will be paid by Insurers on an ongoing basis as the case proceeds.

The policy covers more than just the Directors and Officers of the Company; it recognises that others can make mistakes that affect the whole company so managers and supervisors are also covered.

Official investigations can be expensive and disrupt the daily management of the company. The legal fees and expenses associated with these investigations will be paid irrespective of whether a claim is made against a Director or Officer.

## The Action

Contact CBG now to arrange Directors and Officers Liability Insurance protection and immediate peace of mind.

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## Claims Scenarios

- **Acquisition**

The acquiring company in a UK acquisition launched proceedings against the principal Directors of the target Company, alleging negligent and/or fraudulent misrepresentation of the financial standing of the company. The amount claimed was the entirety of the purchase price

**Loss: Estimates of the defence costs exceed several millions of pounds.**

- **Health and Safety**

A managing Director and several senior technical managers faced criminal prosecutions for alleged breaches of Health and Safety legislation, which resulted in the accidental killing of a number of employees.

**Loss: Since each defendant sought independent legal representation, defence costs exceeded several hundreds of thousands of pounds.**

- **Fiduciary Duty**

Two Directors of a construction Company, which went into liquidation were held liable to the creditors for £417,000 which they had passed to another Director. They were found guilty of a breach of fiduciary duty and wrongful trading.

**Loss: In addition to the amount wrongly transferred considerable costs were incurred**

- **Breach of Business Plan**

Claimant contested that an exclusive business had been used by the defendant to commercial benefit. They sued both the Company and one of the Directors personally. Eventually the Director was removed from the litigation but only after significant defence costs were incurred.

**Loss: Defence costs in excess of £200,000.**